

# 40. PURCHASE DECISIONS OF GEN Z AND GEN Y: COMPARATIVE ANALYSIS

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The paper presents the characteristics of purchase intentions on the market from the perspective of two fairly close in time scale, but different in the decision-making behaviour, generations: Gen Z (Centennials or Zoomers) and Gen Y (Millennials). A comparative analysis in the relevant areas – purchase intentions, communication, search channels and investment choices is included.

Satisfying customers' purchase intentions has always been one of the most crucial criteria for a company/producer/seller to build trusting relationships with the potential buyers. The lack of awareness about the exact reasons for a customer to prefer one product of one producer to the similar product of another producer, can be extremely damaging for business owners in the modern world of a practically limitless range of products. The purchase intention of a customer depends on a variety of factors and the comprehension of these factors by a seller, who in turn, is responsible for the satisfactory income and revenue of the brand. Because of Gen-Z as well as Gen-Y being the most widely reachable audience for brands due to their active use of the Internet, it is particularly important for a brand to focus on purchase decisions of these generations' customers. Moreover, analysing the differences of their purchasing approach is able to provide a company with the essential information to increase amount of sales among both of the most solvent age groups.

The research aims to study characteristics of Gen Y and Gen Z with regard to the purchase decision and identify their connection with shopping habits of both age groups. The second objective is to determine the three key factors that are known to induce the generations to buy goods. The paper is focused on finding the recurring patterns in the behaviour of Zoomers and Millennials specifically, because they are the two first generations to be digital natives, who have outdone all the previous generations in terms of income, investments or savings, therefore are the most solvent. Reshaping the market strategies in order to cater well to their ever-evolving needs is the only way to build a sustainable and successful enterprise.

According to the generational cohort theory, a generational cohort is assumed to have distinctive characteristics which are exclusively attached to that specific group. In general, people born in the same cohort of generation have similar values, beliefs, attitudes, preferences, and behaviour. Although the theory

is used quite widely, there is still no accredited time limits of each generation. Nevertheless, based on widespread consensus as well as Beresford Research [1], the generational timeframes can be defined.

Generation Y (born between 1981 and 1996) is considered the first generation that grew up in the Internet age. This generation is a native speaker of digital languages such as computers, video games, and the Internet. Gen Y is also called Millennials and is attributed to “older generation” because they are highly inclined to build a better future despite economic, environmental, and political problems. There are eight key values that help to distinguish Gen Y from other generations: choice, personalisation, review, integrity, collaboration, speed, entertainment and innovation, because they are efficient and fast-paced in multitasking.

Generation Z (born from 1997 to 2012) is the first “digital generation”, and everyone in this group was born in the era of technology. Gen Z is also called Centennials. They take a lot of time in a day to use smartphones, computers or other devices to capture most of the content digitally. Generation Z spends a lot of time on social media sites which make digital marketers face challenges and require them to undertake activities to attract the attention of these high-level locals.

The “Young&Younger” study was conducted by MAGRAM Market Research in cooperation with the international communications agency PBN Hill+Knowlton Strategies. The study was conducted in the format of an online survey in 15 Russian cities with a population of over a million among 1,500 young people in April-May 2017. Gen Y was represented by participants aged 18-35 years old, and Gen Z – participants aged 14-17 years old [2]. Some of the questions that were asked to respondents during the survey are as follows: [3]

- Do you double-check the information in different sources?
- Do you receive information from trustworthy resources such as sites, blogs, channels, TV-shows?
- Is objective and unobtrusive advertisement more appealing to you?
- Do you agree that the number of subscribers or watchers of an informational resource makes it more reliable?
- Do you usually pay attention to the information given in the text?

The results of the survey led to several important conclusions. The first conclusion is that Millennials make conservative choices while Centennials test new products [2]. Generation Y (44 %) chooses proven brands that have been on the market for a long time. At the same time, if conflicting information comes from a brand, 43 % of Millennials discuss the purchase issue with relatives and friends. Generation Z (27 %) is more willing to buy new items, if, of course, the price allows, 39 % of respondents in both samples look at it. It is worth noting that 47 % of all respondents pay attention to innovative brand developments, even if this is a marketing ploy of the manufacturer. Secondly, Millennials choose Russian brands, Centennials prefer foreign ones. Generation Y (18 %) buys goods from Russian manufacturers [2]. Generation Z (40 %) is more focused on foreign brands that allow them to stand out from the crowd. At the same time, every second representative of both generations makes purchases in foreign online stores (eBay, AliExpress, Asos, etc.). Russian online stores are trusted by 41 % of respondents in both samples. The third conclusion of the survey is that Millennials make deliberate choices, Centennials tend to be impulse driven. 39 % of Y-generations plan purchases in advance [2]. This is due to the fact that the majority of Millennials are married (52 %), have a stable job (64 %) and plan their budget. Spontaneous purchases are made by 44 % of Generation Z. Centennials often go to shopping centers, this is one of the forms of leisure activities, so spontaneous purchases are more typical for them.

The next conclusion that was made after the survey is that Millennials use search engines, Centennials search through YouTube [2]. Search engines continue to be used by 60 % of Y-generation respondents. While every second representative of the Z-generation searches for information through YouTube, which is one of the key discoveries of the study. YouTube is becoming the go-to platform for centennials across almost every category. There is an increase in the share of video materials on the Internet. And the “funny content of information” becomes a kind of separate format. This is how a quarter of respondents want to receive content.

One more interesting interpretation of the survey’s results is that Millennials double-check information, Centennials trust reliable sources [2]. Generation Y is inclined to check the received information (40 % of respondents). At the same time, information should be objective and not imposed by advertising, according to 37 % of Millennials. Generation Z (40 %) trusts a reliable source (website, blog, channel, TV show). An interesting fact has been noted. Centennials begin to trust information if it comes from different sources. The more communication channels are involved, the more truthful the information for the Z-generation will look.

The survey has shown that Millennials plan big purchases, Centennials tend to invest in their education [2]. 60 % of surveyed Millennials plan to buy a car in the next 5 years. The second thing they plan to spend money on is travel (55 %), the third is buying an apartment (38 %). This choice is due to the fact that a significant part of the Y-generation, as noted above, is married and has a stable income. Generation Z is focused on investing in their education (43 %) and travel (41 %). When it comes to small pleasant purchases, Y and Z choose clothes, shoes, electronics and books. The Y-generation, among other

things, notes cosmetics (21 %), food (17 %), and the Z-generation prefers to spend on sporting goods (15 %).

The most unexpected result of the survey is that Millennials actively use instant messengers while Centennials are more likely to meet with friends [2]. 55 % of Y-respondents communicate via instant messengers (the most popular is WhatsApp). Generation Z (66 %) tends to meet friends in person. This behaviour is associated with the age of Centennials, 78 % of whom are schoolchildren. Brand communication with the audience will be effective if the Z generation is given the opportunity to gather in groups for communication and discussion. At the same time, social networks remain the most popular communication channel for both generations. The final conclusion of the survey is that both Millennials and Centennials prefer quality content [2]. This is a general trend. Generations Y and Z read texts and consider them a priority way of presenting information (59 % and 51 % respectively). At the same time, the text should be bright and capacious. Both generations tend to read “diagonally”, respectively, in order to attract the attention of the audience, in addition to the text, you need to use infographics and vivid illustrations.

Another study about differential impact on purchase intention of Generation Y and Z [4] found out that brand image has a significant positive impact on the purchase intention of Gen Z consumers for the reason that their focus is not completely on the rationality part. Gen Z consumers want to be unique and they focus on the image that a particular brand has. Centennial consumers will be hard to regain once lost due to brand failure. Gen Y consumers are more focused on the rational part rather than on the societal status during a purchase. Generation Y strongly believes in the concept of “value for money” [4].

Although, there are some similarities in purchase intentions of Gen Z and Gen Y, the whole market definitely cannot be perceived as a whole entity. While Generation Y consumers do not give much value to the brand image, and they are more focused on rationality of the product they buy, Generation Z is very meticulous about brand image [1]. The results of the study show a change in the buying behaviour over time. Such an unexpected fact as the rise in popularity of podcasts among Gen Z within the last years opens a brand new opportunity for sellers to promote their product on new online platforms. Using all of the collected data, it will be easier for companies to identify their target audience, choose promotion and sales channels that are effective for people of a certain generation, taking into account their inclinations and habits.

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